

Message Text

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ACTION ARA-10

INFO OCT-01 EUR-12 ISO-00 AGRE-00 SP-02 USIA-15 AID-05
EB-07 NSC-05 CIEP-02 TRSE-00 SS-15 STR-04 OMB-01
CEA-01 CIAE-00 COME-00 FRB-01 INR-07 NSAE-00 XMB-04
OPIC-06 LAB-04 SIL-01 PA-02 PRS-01 L-03 /109 W
-----132101Z 033601 /70

R 131924Z JAN 77
FM AMEMBASSY SAN JOSE
TO SECSTATE WASHDC 6169
INFO AMEMBASSY GUATEMALA
AMEMBASSY MANAGUA
AMEMBASSY PANAMA
AMEMBASSY SAN SALVADOR
AMEMBASSY TEGUCIGALPA
AMEMBASSY BRASILIA
AMCONSUL RIO DE JANEIRO
AMEMBASSY BOGOTA
AMEMBASSY LONDON

UNCLAS SAN JOSE 0185

GUATEMALA ALSO FOR ROCAP

E.O. 11652: N/A
TAGS: EPAP, ETRD, CS

SUBJECT: COSTA RICA OPPOSES COFFEE CARTEL

1. THE DIRECTOR OF COSTA RICA'S COFFEE OFFICE, ALVARO JIMENEZ CASTRO, TOLD THE PRESS JANUARY 12 THAT COSTA RICA IS TOTALLY IN DISAGREEMENT WITH THE IDEA OF A COFFEE CARTEL.

2. CASTRO'S STATEMENT CAME IN RESPONSE TO WIRE SERVICE REPORTS THAT THE COSTA RICAN AMBASSADOR IN BRAZIL, MANUEL BLANCO, HAD TOLD THE BRAZILIAN PRESS ASSOCIATION THAT THE FORMATION OF A GROUP OF COFFEE PRODUCERS SIMILAR TO THE
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ORGANIZATION OF PETROLEUM EXPORTING COUNTRIES (OPEC), IS "A MEANS THAT DEVELOVFN G COUNTRIES HAVE AVAILABLE TO DEFEND THEMSELVES AGAINST INDUSTRIALIZED NATIONS."

3. COFFEE OFFICE HEAD CASTRO SAID THAT IN HIS OPINION A CARTEL IS DANGEROUS AND COULD GENERATE AN UNDESIRABLE REACTION THAT WOULD BE MORE DAMAGING THAN THE COFFEE

BOYCOTT. HE SAID THAT IN HIS OPINION THE MEETING THAT WILL TAKE PLACE AT THE END OF JANUARY BETWEEN COFFEE PRODUCERS AND CONSUMERS, UNDER THE FRAMEWORK OF THE INTERNATIONAL COFFEE AGREEMENT, COULD LEAD TO THE BEST SOLUTIONS TO THE PROBLEM OF MARKED FLUCTUATIONS IN THE COFFEE MARKET.

4. EMBOFF CONTACTED ALVARO JIMENEZ CASTRO TO SEEK FURTHER CLARIFICATION OF CURRENT COSTA RICAN GOVERNMENT VIEWS ON THE COFFEE SITUATION. JIMENEZ SAID THAT IT WAS DECIDED IN A MEETING JANUARY 11 WITH PRESIDENT ODUBER THAT THE LONDON MEETING OF PRODUCERS AND CONSUMERS IS THE BEST FORUM TO DEAL WITH CURRENT COFFEE PROBLEMS. JIMENEZ SAID THAT COSTA RICA WOULD NEVER SUPPORT A CARTEL AND CONSIDERS IT INCONVENIENT AND COUNTER-PRODUCTIVE. COSTA RICA WOULD NOT WANT TO SPONSOR WHAT WOULD AMOUNT TO "AN ANTI-BOYCOTT BOYCOTT" PROMOTED BY GOVERNMENTS. COSTA RICA IS CONCERNED ABOUT THE CONSUMER BOYCOTT IN THE U.S. BUT UNDERSTANDS THAT IT IS A PRIVATE ACTIVITY NOT ORGANIZED OR SUPPORTED BY THE U.S. GOVERNMENT.

5. JIMENEZ BELIEVES THAT THE UNHAPPINESS OF THE HOUSEWIFE IN THE U.S. AND EUROPE IS PARTIALLY DUE TO LACK OF INFORMATION. HE HOPES THAT THE PUBLICITY CAMPAIGN BEING LAUNCHED BY THE COFFEE-PRODUCING COUNTRIES WILL CREATE A BETTER UNDERSTANDING OF THE PROBLEM. JIMENEZ CONSIDERS THAT THE HIGH PRICE OF COFFEE REFLECTS THE STATISTICAL SITUATION (I.E. THE SUPPLY OF AND DEMAND FOR COFFEE) AND IS NOT THE RESULT OF ANY MANIPULATION BY PRODUCERS.
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6. JIMENEZ CONSIDERS THAT THE CURRENT PRICE OF COFFEE IS TOO HIGH AND HE WOULD BE HAPPIER WITH A PRICE OF \$30 TO \$40 PER CWT LOWER. HE FEARS THAT THE CURRENT EXCESSIVELY HIGH PRICES WILL CREATE INCENTIVES FOR TOO GREAT AN INCREASE IN PRODUCTION AND WILL LEAD TO TOO GREAT A FALL IN PRICES IN THE MID TERM. HE BELIEVES THAT THE LOPEZ MICHELSON PROPOSAL IS INTENDED NOT ONLY TO FREEZE PRICES BUT TO FAVOR SOME PRICE REDUCTION.

7. JIMENEZ HAS OFFICIALLY INFORMED THE COSTA RICAN FOREIGN MINISTRY THAT THE COFFEE OFFICE CONSIDERS THE DECLARATIONS MADE BY THE COSTA RICAN AMBASSADOR IN BRAZIL TO BE COUNTER-PRODUCTIVE AND HAS INVITED THE FOREIGN MINISTRY TO ISSUE A CLARIFICATION, IF IT CONSIDERS IT APPROPRIATE.
KILDAY

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COFFEE, FOREIGN TRADE, CARTELS, FOREIGN POLICY POSITION
Control Number: n/a
Copy: SINGLE
Sent Date: 13-Jan-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
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